JANUARY 1986 • $3.00

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MARKETING & MEDIA Decisions

Putting the pieces together at Lorimar-Telepictures

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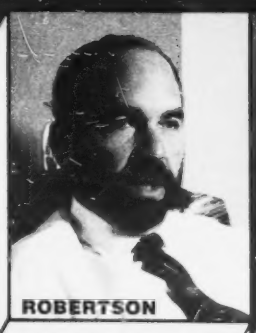
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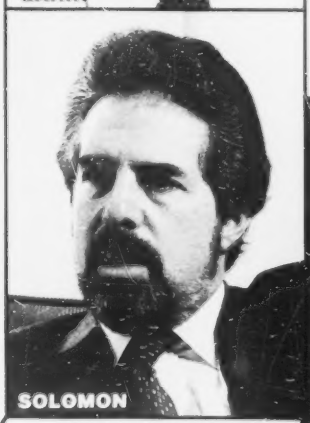
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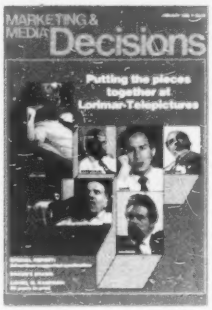
SPECIAL REPORT:
Advertiser-supported syndication

BRAUN'S BRAWN

LIONEL M. KAUFMAN:
55 years in print



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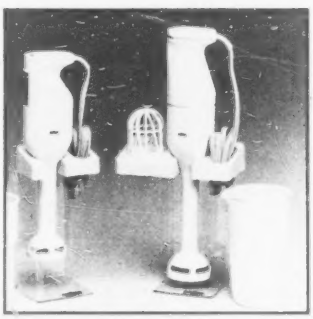

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MARKETING & MEDIA DECISIONS (ISSN0195-4296) JANUARY 1986, Vol. 21, No. 1 Copyright © 1986, Decisions Publications Inc. Published 15 times. Executive, editorial, circulation and advertising offices at 1140 Ave. of Americas, New York, N.Y. 10036 (212) 391-2155. **Available** without charge to those personally involved in media decisions at major agencies and advertiser companies. For others, subscription prices are: U.S.A. $45 for 15 issues; Canada $60; Overseas $70 (surface mail). Airmail — add $70. Single copy $3.00. All overseas copies are paid. Second-class postage paid at New York, New York, and additional mailing offices. **Postmaster:** Send form 3579 to Marketing & Media Decisions, 1140 Ave. of Americas, New York, N.Y. 10036.

SALES PROMOTION

To market, to market

Shortly after leaving business school and a few weeks of indoctrination, the new assistant product manager at most packaged goods companies starts to realize there's an undeniable third party in the marketing game — the retailer and the new retailing environment.

After all the money and creative energy spent on one's new tv campaign, it's somewhat frustrating to learn that as much as two-thirds of all brand decisions are made right in front of the retail shelves of America. Two studies (one old, one new) deviate on the actual degree of this wanton shopping behavior.

The DuPont-POPAI (Point of Purchase Advertising Institute) study reported in 1977 that 64.8% of all purchase decisions were made in the store, including 47% unplanned purchases due to P-O-P, pricing and other incentives. *Progressive Grocer*, however, reports more planning including clipping coupons and looking for supermarket specials (see Chart I). On the other hand, 46% of supermarket shoppers frequently or almost always deviate from their shopping list and more than one out of three makes an impulse purchase.

Added to these facts are continuing studies showing the effects of in-store activity such as displays and in-store couponing or sampling. It all adds up to a growing desire by manufacturers for more in-store techniques which they can control.

There are four ways to categorize merchandising activity that can affect the consumer at the retail level:

1. Displays resulting from trade promotional "deals."

2. Various P-O-P material generally placed, when possible, by the marketers' sales/broker force.

3. In-store activity (hand out of coupons and/or samples).

4. Controlled placement of in-store advertising contracted in advance with retail chains by "third parties."

Increased movement with displays and other retail support have become pretty much "par for the course." But with more thorough retail scanner audits and analyses, companies can now compare the interaction of different activity. A very specific example comes from the Majers/Trim's "Display Impact Project," presented at the recent ANA promotion workshop. Case #1, Oreo Cookies, shows an index of 286 during the key promoted week across all stores in a Western chain. But comparisons of stores with displays and reduced price features vs. stores with only reduced price features show that movement nearly doubled (index of 531 — see Chart II).

Marketing the retail marketplace

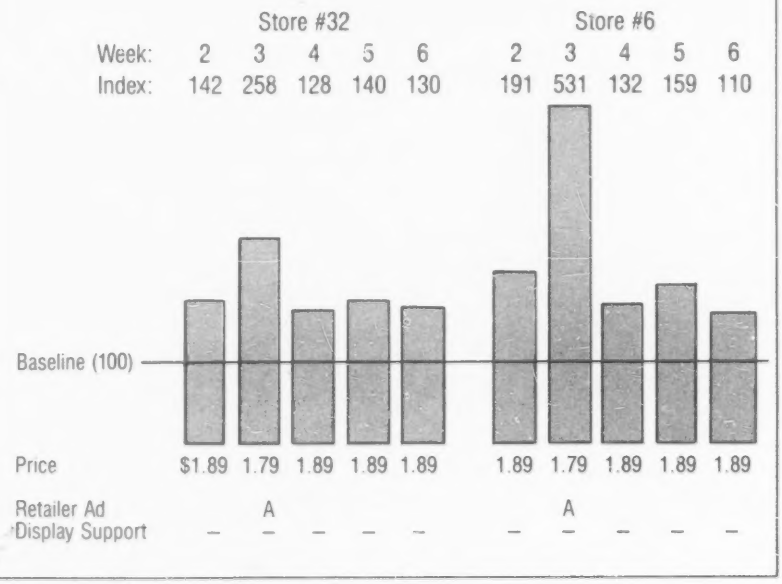
Currently three marketing services

I Shoppers Planning and Purchasing Habits*

	Make a list	Check ads	Check coupons	Deviate from list	Make impulse purchase
Almost always	75%	65%	62%	20%	13%
Frequently	13%	15%	17%	26%	24%
Occasionally	7%	9%	13%	40%	48%
Almost never	5%	11%	8%	14%	15%

Source: Progressive Grocer Annual Report 1985

II Oreo Cookie Promotion Selected Chain Stores



Fifty-five years in print, from "B.T." to "A.T."

Lionel Kaufman, our man in print, will retire this month after a long and distinguished career in covering these media. But not without his parting shots.

As I look back over a 55-year career, I must divide it into two periods: "B.T." (before television) and "A.T." (after television).

Television is undoubtedly the most important addition to the media mix in all my years. Tv really had two "births." In 1949, it joined the media mix to face the masses with sight, sound and motion and an intrusive demand on their attention. The advertiser was allowed 60 seconds — then 30, now going on 15 — so its main objective was brand awareness. It was an entertainment medium that changed the message of advertising from information to entertainment — jingles, slices of life, spokesmen from sports and show business.

Television's second "birth" came in the 1970's when agency staffs started filling up with people who had been exposed to 20,000 tv commercials before they read their first print advertisement. To them jingles were a way of life. Television was not just a mass medium; it was the medium for all types of products — class products, luxury products, even business products. The media mix became network tv, spot tv, syndication, with print as a promotional add-on. Brand awareness was the be-all and end-all of advertising. For needed information, "Read the label," "Follow directions."

1930 was not the best year for the *Columbia Spectator*'s advertising director to enter the real advertising world.

In the 1930's agencies weren't hiring; they were firing. They were merging not for aggressive growth, but for self-preservation. A slew of people lost their jobs when George Batten Company joined Barton Durstine & Osborne, and the H. K. McCann Co. joined the Erickson Company.

The big agencies maintained Hollywood offices to produce radio shows their clients sponsored. Back in New York they were working on newspaper ads, ads for the dominant *Saturday Evening Post* and *Collier's* and the women's magazines. Clients who needed the smaller-ticket trade papers were advised to give that to an industrial agency such as Basford or Fuller & Smith. There were special agencies for overseas.

CAROL PHILLIPS

Lionel M. Kaufman, a Decisions*-maker for over 18 years.*

The first lesson television, the new competitor, taught the magazines was that they were not a mass general medium, but a selective one. Fiction fell victim to soaps and sitcoms, with the confession books hit hardest. Fiction favorites *Redbook* and *Cosmopolitan* survived only by repositioning themselves as special interest media. *Redbook* adopted the young adults; *Cosmo* went the "Sex and the Single Girl" way with author Helen Gurley Brown.

The four big magazine victims to television — *Saturday Evening Post*, *Collier's*, *Life* and *Look* — were the B.T. giants that chose to fight a numbers battle with tv. After a dec-

ade of buying unprofitable cut-rate circulation, they succumbed one by one, though two are back on a smaller specialized scale. The only mass circulation all-things-to-all-people book that has survived to this day is *Reader's Digest*, which built a multi-million circulation profitably without advertising. A new "special interest" — tv programing — was destined to produce the largest circulation weekly: *TV Guide*.

Television changed the way magazines and eventually newspapers counted their numbers. In the B.T. period all media measured the number of copies they printed and sold. Then they realized they were competing with tv's count of total audience.

After Alfred Politz counted readers for *Life* — pass along as well as primary — all major magazines got together on the first Simmons audience study. Simmons measured not just how many, but what kind of people magazines covered. Thus demographics were born. Ages were measured, incomes, education, marital status, home ownership, children — all the significant marketing details were spelled out.

Simmons insisted his ratings were estimates, but agencies fed them into their computers as data. Later Britisher Timothy Joyce brought over a second audience study, using a "recent reading" methodology instead of Simmons' "through the book" method. When his numbers differed from Simmons', magazine audience studies fell into disrepute.

Total audience's replacement of circulation realigned magazine schedules. *Good Housekeeping*'s pass along catapulted it to the top of the women's books in efficiency. *Life*'s numbers boomed. *Time*'s circulation advantage became *Newsweek*'s pass along advantage. Some magazines were hurt.

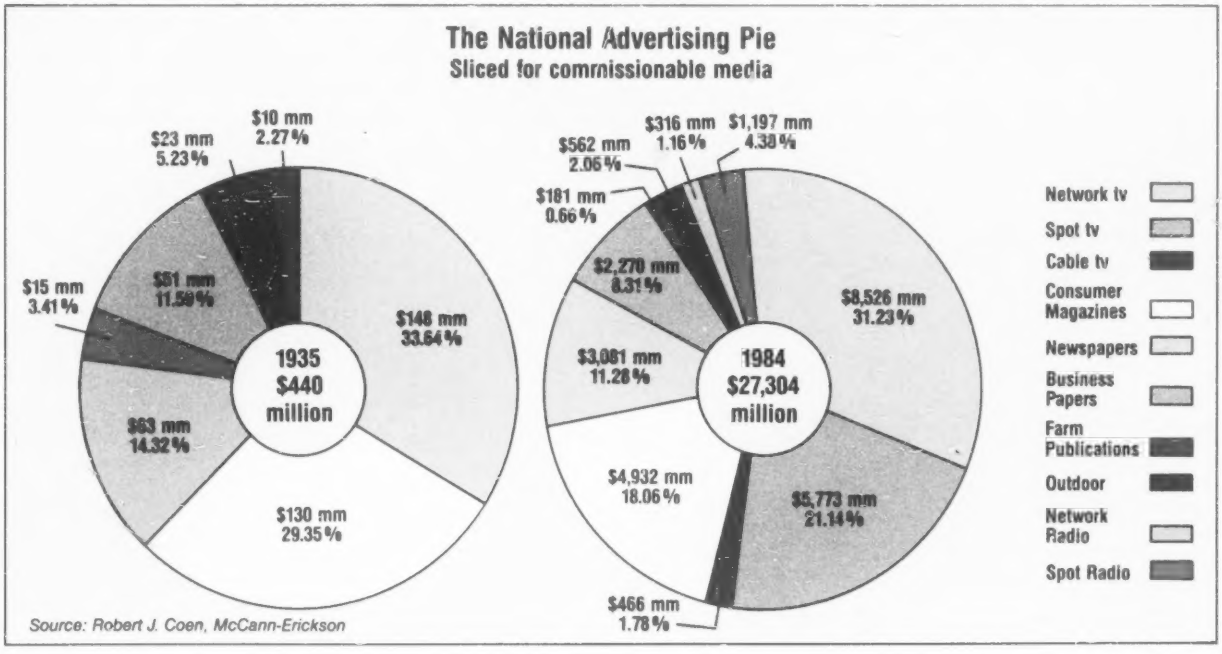
The Sunday magazines were stung when *Life*, *Look* and the women's books added their pass-along circulations. Later the Sundays discovered the other side of that coin: They accumulated their millions in 48 hours, while the other books took weeks. This had a mixed result: Many agencies pigeonholed the Sundays in the promotion corner.

Reader's Digest, whose readers didn't pass it along but picked it up again and again, objected to the Simmons technique. They hired Politz to measure "Ad Page Exposure" (APX), the number of times a page is opened. They asked other magazines to join. Some did; *Life* refused, but the *Digest* paid for *Life* to be measured anyway. Now that the current MRI audience study is again measuring page exposure, *Reader's Digest* is using these new numbers.

The agencies, meanwhile, in using tv for selective products, asked the nets to show demographics. Tv broke out the Nielsen diaries by just age and sex. That small 1,200 sample brought out such small numbers that they had to give broad readings. Magazines' 18 to 24 became tv's 18 to 49. I once asked Jackie DaCosta of Ted Bates, who chaired the American Association of Advertising Agencies' (4A's) media research committee, "Did you ever see a pair of 18's on a double date with a pair of 49's?" SMRB has since begun to supply more demographic information for tv, but the research is still based on a small sample size.

Newspapers were the last major medium to get on the syndicated research bandwagon. One sample can't measure newspapers; each has its own market, needs its own sample. Newspapers started making their own proprietary studies, with the major papers calling in well known researchers such as Belden and Scarborough. To give an overall picture the Newspaper Advertising Bureau (NAB) filed the studies of the major papers, extrapolated simulated studies for the smaller papers, and formed a "Can Do" data bank.

But agencies wouldn't accept proprietary studies. Audience measurement must be done about you, not by you, they said. The NAB produced an umbrella study by asking Simmons to ask his magazine sample: "Did you



Proof positive

Television and print make an apples-and-oranges comparison, except at one place: the check-out counter.

Two landmark tests stand out on the relationship of the media and ad effectiveness. Both were made by leading advertisers tracking the sales results of their own advertising.

Rich's department store (Atlanta) — 1970

Rich's, together with Cox Broadcasting and Atlanta Newspapers, tested "the relative importance of newspapers, television and radio as a source of influence on shoppers' decisions to purchase specific items."

For three days prior to Rich's annual Harvest Sale, they ran 11.6 pages of newspaper advertising, 177 tv commercials and 261 radio commercials spaced throughout the day. Thirty-eight percent of the budget was spent in newspapers; 62% in broadcast. Advertised were five soft goods items, five hard goods items. An independent researcher interviewed 2,176 purchasers of the advertised items at the counter.

Fifty-two percent of the shoppers said their purchases were inspired by the advertising they read, viewed or heard. Of these, 71% mentioned newspaper advertising, 28% mentioned tv, 9% mentioned radio.

Dollar for dollar, newspapers delivered more than three times the influence of radio and tv combined on specific purchase decisions.

General Foods — 1971

Life, *Look* and *Reader's Digest* picked up the tab for this test, but let GF make its own test.

Over a 16-month period, General Foods tested advertising and sales of five GF products in the $2 million-$4 million budget areas, in six key markets. GF's research department conducted 50,000 interviews with consumer families. Copy on both the print and tv ads was pretested to make sure it was equally effective in each case.

In the test markets, GF transferred one-third of its budget from tv to magazines for four products: dessert topping, seasoned coating mix, ready-to-eat cereal and ground coffee. One brand, packaged pre-cooked rice, ran exclusively in magazines. The control markets maintained their normal 100%-tv budgets.

Summary/Sales Analysis Grids

	Trend Advantages		
	East	Central	West
"Dessert Topping"			
High-Franchise Stores	•	•	m
Low-Franchise Stores	•	•	•
Total	•	m	•
"Seasoned Coating Mix"			
High-Franchise Stores	•	T	•
Low-Franchise Stores	•	t	t
Total	m	T	•
"Ready-To-Eat Cereal"			
High-Franchise Stores	M	M	•
Low-Franchise Stores	M	•	T
Total	M	m	•
"Ground Coffee"			
High-Franchise Stores	•	NOT TESTED	•
Low-Franchise Stores	•		M
Total	•		•
"Packaged Pre-Cooked Rice"			
High-Franchise Stores	•	•	M
Low-Franchise Stores	•	•	•
Total	•	•	•

Code: M: Definitely Favorable to Magazines
m: Moderately Favorable to Magazines
T: Definitely Favorable to Television
t: Moderately Favorable to Television
•: No Significant Difference

As the chart indicates, magazines fared very well in results measured by Nielsen Sales Audit and 50,000 product interviews.

The conclusion drawn by General Foods: "The test shows that magazines can provide our products with an effective selling vehicle — one that is generally comparable with television."

read a newspaper yesterday?" Year after year, 70% of the sample answered "yes," and the average newspaper showed 2.2 readers per copy.

Still missing were paper-by-paper data that the time-sharing services could put on line with tv and magazines for agency planners. Finally, after an initial study by Bill Simmons, SMRB came up with a 1984 study of the top 50 ADI's showing 2.7 readers per copy. Even the newspapers felt that was too high, but a few months later, a competitive study by Scarborough came up with the very same 2.7 rpc's. Both used the same methodology — measuring yesterday readership — and both were monitored by the Advertising Research Foundation. Newspapers now have audience data on the major markets right at the agency planner's hand. Too many agencies are still using mere circulation which shortchanges the newspapers.

Landmarks along the way

A landmark in the A.T. period came when Washington started asking for "full disclosure" of advertising claims. That was too much for tv's 30-second commercials. Print media felt their day had come. Advertisers would now have to use a media mix for both claims and substantiation.

The agencies didn't see it that way. They sent a delegation to Washington to explain advertising to the Federal Trade Commission. A speech by SSC&B's then-chairman Al Seaman is typical of their stand. Seaman called his speech "The Power of Words." He told the FTC that words have shaped our civilization. He pointed to the Bible, the Declaration of Independence, Dickens, Shakespeare. He added that words are the tools of the advertising business. "But you must remember, gentlemen," he added, "we can use only as many words as you can get into 30 seconds." Then he went down the list of questions the FTC had asked the delegation to answer. His answer to all: "You can't get that into 30 seconds."

The blinders remain intact. The 30-second commercial has survived, and for many products is the sole unit of communication. If anything will replace it, it will probably be a 15-second commercial.

Another landmark in advertising

came on New Year's Day, 1971. That was cigarettes' last day on television. In 1970 tv had taken 74% of cigarettes' $270 million ad budgets.

In print, there was a race to nail down magazine back covers and other prime positions. Newspaper ads were planned, and especially Sunday magazines, because they were a "network" buy that offered color. Outdoor got its share, and sponsored sports events were dreamed up. When all the print media were lined up a problem arose: There just weren't enough to absorb the dollars spent on tv. One Wall Street analyst divided a top tobacco company's 1970 tv budget by its number of shares, and the stock jumped five points for the day.

Advertising people resigned themselves to tv-less schedules, but over and over they asked, "How will we ever introduce a new brand without tv?" Only four new brands braved the new print world in the first two years, compared with 17 introductions in the last two tv years. But by 1974, the Tobacco Merchants Association counted 26 new launches, and there were just under 30 each year till 1980.

Not every print medium welcomed this windfall. The American Lung Association counts 41 magazines refusing cigarettes, including *Good Housekeeping*, *National Geographic*, *New Yorker*, *Reader's Digest* and *Scientific American*.

It's a sad but true fact that without cigarettes some new magazines could never have made it. While advertisers usually wait for a new book to survive its first year and get an ABC audit, cigarettes have rushed in to pin down franchised positions.

Altogether magazines' cigarette dollar volume rose from $55.3 million in 1970 to $416.4 million in 1984 — thanks to both cigarettes and inflation.

Among newspapers, the *New York Times* agreed to accept cigarettes only if the ads carried a warning box from the Surgeon General. Gradually that *Times* box came to Washington's attention, and they ordered it in all cigarette ads.

With their warning box now beefed up with disease specifics, and the American Medical Association voting to ban all cigarette advertising, tobacco could eventually disappear from print also, and a search for a successor income producer is in order.

Crossing the lines

When television faced the loss of $200 million cigarette dollars, they decided to aim at retail, newspapers' leading classification.

Thus began a competition between two media equipped entirely differently for retail advertising. Newspapers are a "window shopping" medium, where the reader finds a Saks dress on one page, a Bloomingdale's dress on the next page, a Bonwit dress further on — then turns back and compares. Television, designed to get the advertiser's name remembered with minimum clutter and competition, had built "brand protection." Saks' dress could come at 8:00 p.m., Bloomingdale's at 8:30, Bonwit's at 9:00.

Television's mass power has made deep inroads into retail, but its own kind of retail. Fast-food restaurants account for almost half of all tv's retail dollars. Filling out tv's top five retail classifications are auto dealers, supermarkets, banks and furniture stores.

Television's tongue hangs out at those big apparel ads the stores run in newspapers. The Television Bureau of Advertising (TvB) has run several "fashion workshops" to break this barrier. At one they invited Paul Leblang, marketing vice president of Saks Fifth Avenue, to be keynote speaker. Leblang thanked them for letting him go through tv's file of fashion ads. He then said, "I didn't find a quality fashion ad there. And what's more, you're not going to get any until you give us an editorial environment in which fashion can feel comfortable."

Undoubtedly, the most controversial subject I've ever run into is the allegations of magazine rate cutting, a perception fed by the negotiation practices of tv buying. The charges first surfaced in 1970, when tv was still a buyer's market and tv deals stood out in contrast to the magazine rate card. Magazines *were* inventing discounts, but discounts available to all advertisers.

Amidst reports of rubber rate cards, *Decisions* tackled the topic in an in-depth report. Advertisers unanimously denied having received any off-card offers; agencies were divided, but wouldn't reveal their sources; most magazines said their competitors were cutting rates. As one advertiser put it, "Every magazine but the one that's calling on me is cutting rates."

Magazines told me that agencies, while complaining, were themselves trying to break the rate card.

Could the agency be greeting the *Family Circle* rep with the claim that "*Woman's Day* is giving me 10%

Commissionable Media Shares
National Advertising

	1935	% of total	1985	% of total
Newspapers	148	33.64%	3,081	11.28%
Magazines	130	29.55%	4,932	18.06%
Farm Publications	10	2.27%	181	0.66%
TV-Network	–	–	8,526	31.23%
TV-Spot	–	–	5,773	21.14%
TV-Cable	–	–	466	1.71%
Radio-Network	63	14.32%	316	1.16%
Radio-Spot	15	3.41%	1,197	4.38%
Business Publications	51	11.59%	2,270	8.31%
Outdoor	23	5.23%	562	2.06%
TOTAL	440	–	27,304	–

Source: Robert J. Coen, McCann-Erickson

off," and the *Family Circle* salesperson be spreading that false rumor?

The 4A's magazine committee voted to make its own investigation. Though very hush-hush, the committee chairman later told me, "We found rate cutting only with a few unrecognized books."

We ran into some interesting happenings, though. In one case, regional remnants, which magazines regularly sell at half price to mail-order advertisers, had been swapped with ?-val stations for circulation promotion, and ended up at Pepper & Tanner, the Memphis barter house. When we asked Pepper for some space, they said, "We have to charge card rate." Then they added, ". . . but we'll throw in 20%

Undoubtedly, the most controversial subject in the magazine field is allegations of magazine rate cutting.

worth of tv commercials from our inventory." Who was cutting rates here — magazines or tv?

Today we're 15 years later into the age of negotiation. More books than ever are battling for a shrunken page volume. We hear reports of special deals. Magazines are still trying to be discount houses, not pushcarts, but too many agencies are out to destroy their rate cards.

Those 1,700 newspapers.

The newspaper medium is like the United Nations: The little ones have the numbers, but a few key market papers control the volume of circulation and attention of national advertisers.

According to "Press and Public," a book by NAB executive vice president and general manager Leo Bogart, most newspapers have fewer than 15,000 circulation. The 12,054 *Montpelier (Vt.) Times-Argus* is the median.

The big news is when a *Philadelphia Bulletin* or a *Buffalo Courier* folds. That's a big circulation loss, and part of it never comes back to the medium.

Over the past 40 years, the number of daily newspapers has dropped just 3.5% — from 1,749 to 1,688. Circulation has grown 45.4% — to 63.1 million. But circulation hasn't grown as fast as households. Up to 1970 each household had more than one newspaper; today there are fewer than 70 per each 100 homes.

Our changing lifestyles are the reason. The extended family, where one home-delivered paper was shared by young and old, has divided into several households not all accessible to the newsboy. The higher cost of newspapers has cut down the two-papers-a-day readers and increased pass along to 2.7 readers per copy. The automobile, by replacing common transportation, removed a reading opportunity. Our increasing foreign population, and our frightening 60 million functional illiterates, adds more non-readers.

Evening newspapers have declined while morning papers have grown. Forty years ago America was reading 29.1 million p.m. papers to 19.2 million a.m.'s. Today it's 35.4 million a.m.'s to 27.7 p.m.'s.

Television's evening news is undoubtedly a major reason why. Most important is the movement of the middle and upper classes from the city to suburbs. The morning paper has all night and trafficless roads to follow its readers. The evening paper must stick closer to the center city.

While evening tv news has eaten into evening newspaper reading, it hasn't affected newspapers' status as a public source of news. People interested in news turn to more than one medium. A recent Audits & Surveys study of 1,979 adults found that 91% read or viewed news "yesterday." Here's where they got their news:

Newspapers, tv and radio	25%
Newspapers and tv	23%
Newspapers and radio	8%
Tv and radio	9%
Newspapers only	11%
Tv only	10%
Radio only	5%
Not exposed to news	9%
Newspapers (net)	67%
Tv (net)	67%
Radio (net)	48%

Today, newspapers remain number one in advertising dollar volume. But $20 billion of their $23 billion are retail or classified. In national, newspapers have shrunk from 33.6% of the national ad pie in 1935 to 11.3% in 1984 (see chart, page 49).

Newspapers' top national classifications, according to the NAB, are (1) transportation (airlines, buses, railroads), $526 million; (2) automotive, $521 million; (3) tobacco, $236 million; (4) media and publishing (including tv), $230 million; (5) food; $166 million; and (6) liquor, $105 million.

The feeling on Madison Avenue, however, has always been that "newspapers aren't interested in national advertising." That's belied by the millions newspapers spend to maintain a chain of national reps with offices in all advertising centers, and a highly professional NAB.

Actually newspapers get many more

While newspapers are trending nationally, magazines are rounding out their medium with local titles.

national dollars than that 11.3%. It's estimated that almost $2 billion in national dollars get to the newspapers in the form of co-op advertising. A main reason for this is the national/retail rate differential which the 4A's says averaged 60.5% last year.

With 54% of retail dollars now coming from national chains advertising their own branded products, this differential is ripe for a change.

Many newspapers are known to be planning their own time tables for narrowing this gap. Several newspapers have already gone to a single rate. National advertisers won't be impressed until all newspapers do, yet any concerted action on rates would bring the FTC down on the newspapers.

When they took their first step in this direction — Newsplan volume discounts for national advertiser — an attorney stood by the side of the speaker announcing the plan. Discounts were set at various levels up to 52 pages, and R. J. Reynolds made them extend that to 104 pages.

Regular advertisers got a break with Newsplan, but no new advertisers showed up. Agencies complained, "They don't understand how we buy newspapers. We don't sign up-front

Continued on page 111

picture," Des Marais warns.

More good news for the barter syndicators is that new dayparts are opening up for them. While kids shows, access and early fringe may be reaching saturation, daytime, prime and late night are just beginning to go barter, Mark Riely, broadcast analyst for Eberstadt-Fleming, says prime will be the fastest growing daypart for barter throughout the rest of the decade. His report pegged barter at $600 million this season, with access taking more than half, $330 million. (See chart p. 67). "We believe that the introduction of first-run movie packages will set the stage for further development of this time period, as syndicators attempt to build broader prime time packages around the motion pictures," Riely observes.

OPRAH WINFREY

Another plus for barter is that the major Hollywood studios, which traditionally have only syndicated their movies and off-net series for cash, are looking at first-run barter. Disney started with barter movies and promises first-run series by 1987. Twentieth Century-Fox formed a first-run barter syndication unit before Rupert Murdoch bought the company and will bring several barter offerings to the National Association of Television Program Executives (NATPE) this month.

And finally, Rupert Murdoch himself could have a significant impact on barter if he fulfills his plans for a fourth network. Such a network would almost certainly be based on looser station affiliations than those enjoyed by ABC, CBS and NBC, and on barter rather than station compensation, sources reason.

NATPE preview

Further evidence that barter can maintain strong growth over the next few years comes from the sheer volume of first-run, barter-supported programing announced for the NATPE convention.

Although there will be plenty of first-run programs announced at the show, not many offerings were generating much real excitement early on. If there was a certain lack of enthusiasm about the new offerings for next fall, that was partially attributable to the not-very exciting performance of syndicated programing on the air this season. Early ratings from metered markets showed few clear winners.

John von Soosten, vice president and director of programing for Katz Television, a station representative company, says *Newlywed Game*, *ThunderCats*, *She-Ra*, *Small Wonder* and *What's Happening Now* are "modest hits." He says the Inday block from LBS Communications, Tribune and Columbia maybe in trouble, and he predicted the cancellation of *America* from Paramount and Post-Newsweek.

Movies

Barter movie packages will be in abundance this year, with two new packages being made available. Plati-

DAYTIME AND EARLY FRINGE

Title	Distributor	National units per episode	Notes
Oprah Winfrey Show	King World	4	Hour talk
Crosswits	ABR	2	Half-hour game
Heart and Soul	Columbia	6	Black soap
Star Cluster	Four Star	2	Comedy/game
True Confessions	King World	2	Based on magazine
Hangin' In	Orbis	5 (Cash in fall)	June 86 sitcom
Makeover	Samuel Goldwyn	2	Makeup/clothes
Today's Movers and Shakers	20th Century Fox	2	Entertainment news
Bingo USA	Lee Productions	TBA*	Game
Fun for the Money	Group W	2	Stunt game
Falcon Crest	Lorimar	5	Off-net prime soap
Frame Game	MGM/UA	TBA*	Gabe Kaplan, bowling

*To be announced

Syndies feel price crunch too

Barter syndication's coming of age has been marked in a number of ways in the last year or so, but probably none has been so telling as the experience of some buyers in the soft fourth-quarter scatter market.

Buyers are telling a "man-bites-dog" sort of story in which they used the networks' bargain-basement pricing as a club to beat down barter costs. Bob Riemenschneider, director, network negotiations and planning for the Chicago-based media buying service CPM, says that he was able to drive some hard barter deals because he made his fourth-quarter buys in October, "after the network market had broken. I take the position that if I can buy network at X dollars a point against my target, then I expect to be able to buy barter a good deal cheaper," Riemenschneider says. "When network goes down, it drives the barter rates down, too."

The weak fourth-quarter scatter for network and barter is thought by many to mean a weak 1986 and, for barter at least, little or no real growth. That, however, may not be what transpires. Gene DeWitt, whose DeWitt Media functions as an in-house media department for a number of advertisers including Polaroid and Pizza Hut, thinks the fourth quarter is a short-term correction. "People overcommitted upfront this year because they were afraid of a tight scatter market," DeWitt says. "Last year, barter scatter and network prime scatter were tight. Anyone who was buying

num 193 from Orbis Communications is unusual because it contains 193 titles and because the deal calls for stations to run one approved movie a week in prime for the next five years. Procter & Gamble will use the movies as a vehicle for ten and a half minutes of its ad spots.

Bob Turner, president of Orbis, says the movies are projected to deliver a 5-7 rating for P&G, or 105 to 147 gross ratings points per week. Although the package contains some good titles, like *Fort Apache, The Bronx*, some observers doubt that it can meet its ratings goals. For one thing, *Fort Apache* and 72 other titles, including some of the most exploitable, have been ruled out as the prime barter vehicle by P&G for content reasons. Secondly, the package is so big and carries so much commitment that affiliates and established independents with decent film libraries are less likely to take it. New sign-on independents who need to build their libraries, but who may not be able to deliver the audience, are the more probable market for the series.

The other new barter movie package is Magic I from Walt Disney Domestic Television. It contains 25 titles for six runs each, with Disney retaining five minutes per hour in the first two runs.

upfront this spring, who thought they would have scatter dollars for the fourth quarter, I think they just incorporated the scatter dollars in the upfront."

Mark Riely, broadcast analyst for Eberstadt-Fleming, who last summer did a comprehensive report on barter and cable which put the barter business at $600 million for the 1985-86 broadcast year, is sticking by that estimate.

"Some of the big players may come in below expectations because of the softness in the network tv market, but that does not suggest to me that barter is going to go slower overall than we projected," Riely adds. "The broadcast year may come in a little lower than $600 million, but it's hard to say."

For many in the business, barter came of age during last spring's upfront buying. Paul Isacsson, Young & Rubicam's executive vice president, director of network programing and purchasing, says buyers placed their money in barter before they saw the networks' schedules, "which means that barter had achieved a legitimacy. Barter was perceived by advertisers as having a real value," he says.

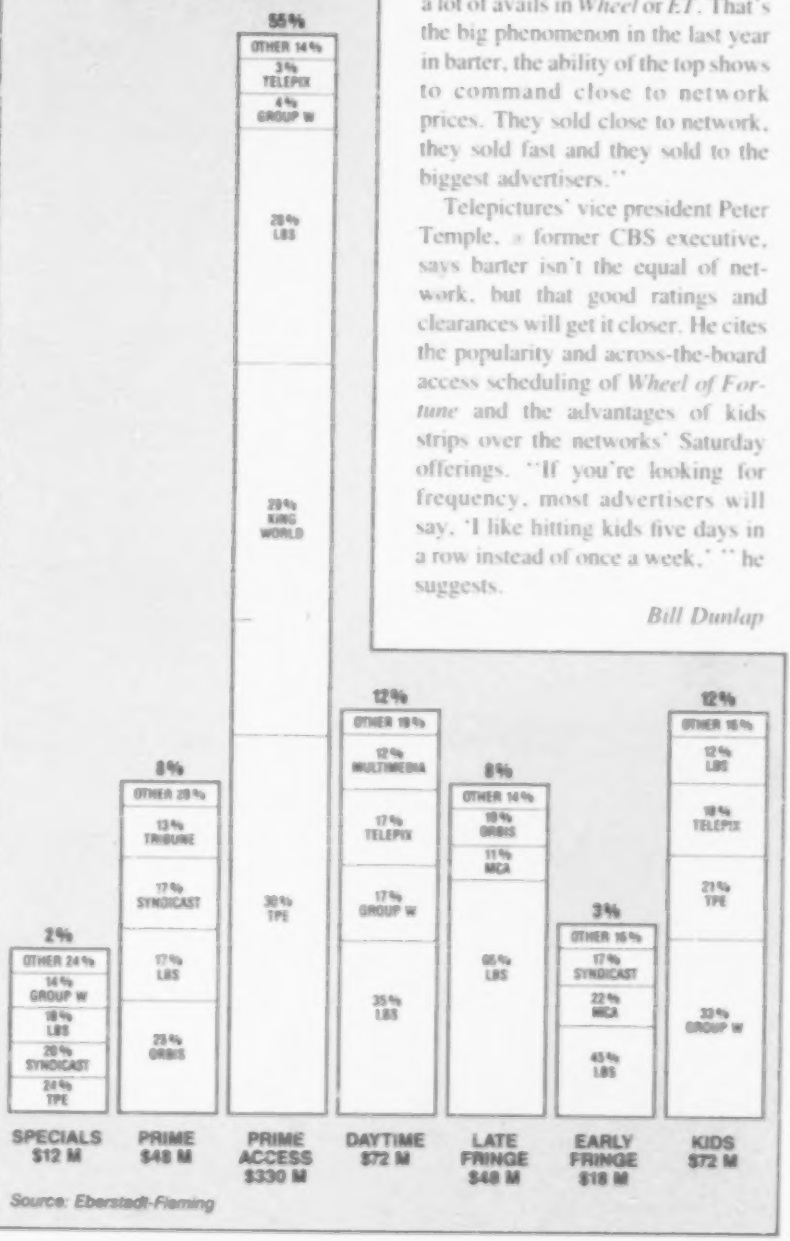
Henry Siegel, chairman of LBS Communications, points out that all the big syndicators had a strong upfront. "Advertisers for the first time were calling us, saying, 'What do you have available?' That was the first time we didn't have to chase calls."

The next step would be for barter to narrow the gap between its cost and that of the networks. Some shows are close. "The highest-rated original programs sold this year came close to network prices for a lot of upfront advertisers," says DeWitt. "I don't think you'll find a lot of avails in *Wheel* or *ET*. That's the big phenomenon in the last year in barter, the ability of the top shows to command close to network prices. They sold close to network, they sold fast and they sold to the biggest advertisers."

Telepictures' vice president Peter Temple, a former CBS executive, says barter isn't the equal of network, but that good ratings and clearances will get it closer. He cites the popularity and across-the-board access scheduling of *Wheel of Fortune* and the advantages of kids strips over the networks' Saturday offerings. "If you're looking for frequency, most advertisers will say, 'I like hitting kids five days in a row instead of once a week,'" he suggests.

Bill Dunlap

Projected Share of Barter Syndication Market by Daypart and Company 1985-86 Broadcast Season



Source: Eberstadt-Fleming

Life after the networks

Born-again programing, culled from the cancel lists of the commercial tv networks, is offering attractive options in the syndication. The shows have a built in appeal, audience and list of advertisers. What does the future hold for this trend?

Is there life after the networks? Television program producers once doubted there was, but new directions in the visual media are restoring their faith in the potential market for new episodes of cancelled tv fare.

Four shows which got a second chance through syndication to produce new episodes — *Fame*, *It's a Living*, *Too Close for Comfort* and *What's Happening* — demonstrate that such programs have a lot going for them: loyal audiences, an innovative image, pre-sold advertisers and often a finely tuned demographic profile. A fifth, *9 to 5*, will follow their lead in fall 1986 from Twentieth Century-Fox Television.

Advertisers, however, must still beware — these shows suffer all the handicaps that accompany their repeating counterparts, including underpromotion, an unclear distribution pattern and strong counter-programing from the networks. But the track record for such ventures is encouraging enough that many predict the practice will continue and grow.

Consider the trendsetter, *Fame*.

By some standards, *Fame* was doing well when NBC pulled the hour-long program from its fall 1983 lineup. The contemporary drama about performing arts students at a New York City high school, complete with adolescent angst and dreams of success, had built something of a cult following during its one-and-a-half year run. Its appeal to teenagers and young women attracted advertising from the likes of Warner Lambert and Procter & Gamble.

Yet beneath its upbeat promise, *Fame*'s vital signs were feeble. Nielsen ratings never improved from an average 14.9 during the first season, and by spring 1983, they remained stalled at 14.4. Not enough adults were tuning in — a hard-knock fact that convinced network executives to close the curtain.

If this scenario had been acted out just a few years earlier, it would have been just another re-run of The Big Kill — a basically good show goes under because it can't attract the big numbers. But this was 1983. The budding syndication market had begun to suffer from a drought of network-quality programing, and national advertisers were casting a cool eye at continued network audience erosion. Seizing the moment,

MGM/UA lined up financial help from Lexington Broadcast (LBS) and station support from the Metromedia group. "We felt this particular show had the right ingredients and was worth the challenge," recalls Joseph Tirinato, president of MGM/UA Television Distribution. One month after its network cancellation, *Fame* was born again into first-run syndication.

Two years later, the show still dances on. Now in its third year of first-run syndication, *Fame* had a November clearance rate of 93%, according to an exuberant Tirinato, and in 90% of those markets, he adds, the program is being telecast on the strongest available independent station.

Salesmen at LBS, meanwhile, make a lucrative selling point of *Fame*'s predominant appeal to teenagers and to women in their thirties, and a handful of the show's original network advertisers — including Procter & Gamble, Warner Lambert, Nabisco, Gillette and Mars — continue to buy spots. All told, the list of current advertisers is "quite extensive," according to LBS executive vice president of advertising sales, Mike Weiden.

But the significance of *Fame*'s rebirth goes beyond optimistic ratings and bullish advertisers. Since *Fame* discovered off-network success, three other shows — all ABC half-hour sitcoms — have been similarly revived. D.L. Taffner put *Too Close For Comfort* into first-run syndication in April 1984, and this fall's October ratings averaged just under eight for the major markets in New York, Los Angeles, Chicago and Philadelphia — a respectable figure for syndicated fare. Now Taffner will shelve the *Too Close* concept and debut a completely new vehicle for its star, Ted Knight.

On the heels of *Too Close for Comfort*'s performance, Witt Thomas revived *It's a Living*, and in April Procter & Gamble bought out all the 1985-86 season's national barter spots for a reported $10 million. LBS reports its *What's Happening Now*, the first-run syndicated version of *What's Happening*, has cleared about 85 markets to date.

National Average Ratings/Share For First and Last Week of Network Run

Program Title	First Week	Last Week
Fame (NBC) (January '82 – August '83)	16.4/24	10.1/17
It's A Living (ABC) (October '80 – June '82)*	15.6/25	10.3/22
Too Close For Comfort (ABC) (November '80 – May '83)*	19.1/28	13.4/22
What's Happening (ABC) (November '76 – April '79)**	17.6/28	8.8/17

*Last *original* episode
**Regular run
Source: A.C. Nielsen

Despite favorable market clearance and good initial advertiser response, *It's a Living* and *What's Happening Now* are both falling slightly below projections — very possibly the result of competition by telecast football, which pulls a disproportionate number of male viewers during the first-runners' weekend slots.

According to LBS senior vice president Rand Stoll, "90%, if not 100%" of the first-run episodes are scheduled for the weekends when stations feel they have more flexibility. How these shows are run, however, is dependent on the stations' needs and the availability of strippable rerun episodes. New episodes of *Too Close for Comfort*, for example, may cap regular Monday-Friday run of repeats. *Fame*, however, because of its hour format, is less likely to appear in combination with reruns.

Industry observers say it's too early to judge the fates of *It's a Living* and *What's Happening Now*, which both premiered this past September. "I wouldn't expect them to reach peak until February," says Biff Enoch, director of research at station rep firm TeleRep. "That was the case last year with many weekend programs." *It's a Living*'s average Nielsen rating was between five and six in October, and *What's Happening Now* hovered slightly below five.

Yet in a market currently chilled by lessened advertiser demand and by poor ratings from the much-heralded Inday and the cancellation of *America*, born-again seem to be holding their own. And to the independent stations, producers and syndicators, they represent a creative solution to the continuing programing shortage and escalating cost of the strippable product needed to fill out their schedules.

Since the early eighties, when the effects of cable, VCR's and "zapping" began eroding network audiences, the number of shows to drop from network television before their fourth birthday has dramatically increased. Until recently this meant the producers couldn't amass sufficient episodes to offer the syndicators for stripping, which is the prime goal of syndication. (The number of weekly tv series cancelled by the networks increased from 40 in 1982 to 56 in 1983; last year that figure leveled off to 50, almost half of which were ABC's.)

"There aren't any *M*A*S*Hs* or *All in the Family*s around anymore," says Paul Isacsson, executive vice president, director of network programing and purchasing at Young & Rubicam, noting that the problem is especially acute with half-hour comedies. Generally speaking, half-hour comedies work well in strips, while hour-long shows, primarily action/dramas, are more difficult to syndicate. "*Fame* is more of an all-family show," Isacsson comments. "It's also a very popular show overseas, and MGM/UA is most anxious to keep it going."

Meanwhile, advertisers see syndication as a good outlet for certain types of products. "There are not a lot of teenage shows on network," says a media person at a major packaged goods advertiser who, due to company

policy, requested anonymity. "*Fame* and *Too Close for Comfort* offer a distinct cost efficiency over comparable network buys — *Fame* with women 18 to 49 and *Too Close for Comfort* on a slightly broader basis."

In last February's sweeps, *Fame* delivered an average 5.6 rating, and October's book showed *Fame* on WPIX, New York, socked home an impressive rating of eight in its timeslot of 5 p.m. Sunday. "Advertisers in the record, apparel and soft drink business often look for the 12-to-30 target audience in syndicated shows," adds the media person, noting that syndicated shows are generally 10% to 20% more efficient than network buys.

"[Born-agains] are obviously a good trend because we're advertising in it," said Lee Pratt, executive vice president of media and programing at Ohlmeyer, an ad agency with more than $35 million in billings. One of Ohlmeyer's clients is Nabisco, which currently supports *Fame*. Pratt says that the agency looks for at least 70% clearance rate, and guaranteed CPM's. Each of the born-agains has cleared at least 80%, according to an LBS salesman.

Some see the reborn programs' promise as short-lived. J. Walter Thompson's media director Richard Kostyra predicts the soft advertiser market, which is afflicting syndicated properties as well, will actually discourage more first-run syndicated properties. "What brought on [born-agains] was high demand by advertisers," he points out. But, he adds, networks are just beginning to view syndicated programing as a real threat. "A few years ago, networks didn't seem to object too much to syndication. In 1986 they'll take every lost dollar seriously and try to offer competition."

Producers are understandably optimistic about the trend. On one hand, networks are buying fewer and fewer shows, with only 22 being produced this year for network consumption. But enter born-agains. "It is now theoretically possible for a show to be financially successful even if it isn't number-one in its time period," says Alan Gottesman, media analyst with L.F. Rothschild, Unterberg, Towbin.

To add to *What's Happening Now*, Columbia Pictures is considering two more cancelled network sitcoms for first-run syndication, according to domestic distribution president Joseph Indelli. "These types of shows are going to be here for a while to come . . . In the early Seventies no one revived shows. It was unthinkable."

But stations airing born-agains must vigorously promote the first-run aspect of the show — and distinguish them from reruns of the same shows, industry execs agree. "You can have the best concept in the world," says BBDO's Robert Riesenberg, associate director of network programing, "with the best casting, direction and production. But if the promotion isn't there, neither will be the ratings."

Much of the responsibility also falls to the syndicator, Riesenberg indicates. They must have a strong line up of stations, unlike the networks, which have a built-in distribution system. Concurs one corporate executive, "The syndicators must come through with realistic projections."

The consequences of faulty predictions are already being felt — with this fall's debut of new made-for-syndication programing. Extensively-promoted offerings, like Inday, have posted ratings well below predictions, and *America* is now off the air.

Why is this decline significant for born-agains? Because indies are looking for blocks of shows to set themselves apart from the affiliates. As Columbia Pictures' Indelli says, "When you combine *What's Happening Now* with *It's a Living* and *Small Wonder*, you have a formidable entertainment package." Network-type clearance rates, first-run programing, blocks of entertainment — these are the indies' allies in quest to achieve a network-quality image.

Says a hopeful Dennis Gillespie, senior vice president, marketing, Viacom Enterprises, and president of the Advertiser Syndicated Television Association, "There's always a marketplace for quality product." Likewise with born-agains, he adds. "In order for this to become a full-bloom galloping trend, these shows must have been dropped from network for some reason *other* than poor quality."

David Kalish

Nielsen Viewer Profile, October 1985
For Reborn Network Programs in First-Run Syndication

Program Title	Rating	Share	Women 25-54	Men 25-54	Persons 12-34
Fame					
NY	9	19	6	3	7
LA	6	9	5	2	5
Chicago	8	16	5	3	7
Philadelphia	9	18	7	4	6
It's A Living					
NY	3	7	2	2	1
LA	9	16	5	3	3
Chicago	3	5	1	1	1
Philadelphia	6	10	4	3	5
Too Close For Comfort					
NY	10	21	6	4	6
LA	7	14	5	3	5
Chicago	10	19	7	5	8
Philadelphia	5	11	5	5	4
What's Happening Now					
NY	8	20	6	3	8
LA	6	10	4	2	4
Chicago	7	16	4	3	5
Philadelphia	–	–	–	–	–

Source: A.C. Nielsen

POINT/COUNTERPOINT

CBS thinks tough

Barter syndication, along with the growth of the independent television station market, clearly has been the most important competition the networks have faced to date, confirms Tony Malara, president, CBS Television Network.

But Malara believes while barter has created new marketing opportunities for advertisers, it has also created "tremendous pressure on the networks in pricing." And most advertising placed in syndication is placed because of price, not necessarily because of sound marketing strategies, he maintains. Malara shares his thoughts with *Decisions* on the value of barter syndication from the network point of view.

Tony Malara

On barter's effectiveness as a medium: Set aside shows like *Donahue*, *Wheel of Fortune*, *Entertainment Tonight*. CBS does not want anyone to think that we don't know that those shows are very smart buys. But look at the results of what is going on in the rest of syndication today and tell me those are smart buys — when Inday does what it does, and *America*. There is not any client who is going to tell me that's what he planned on. A lot of advertisers say they can't miss, because it's guaranteed. But where is the audience they are reaching?

Who the hell cares if you get your money back? What did that do to your marketing plans? What are you going to do with those makegoods? At what price CPM efficiency?

Again, the General Foods and the Procter & Gambles — the people who buy brand specific — they can put Sanka and their bran cereals into *Lawrence Welk*, or the Bristol-Myers and Gillettes place positions in the *Solid Golds* and *Dance Fevers*. Those are all cleverly executed marketing positions.

But advertising which is placed for impressions and reach, that only pays attention to price, has got to be suffering from the current performance of much syndicated product.

On how the networks will fight back: Part of the problem is we have to be stronger as a network in being more imaginative and creative in making our presentations to those clients and agencies because there is such a story here.

We have to be more creative than we are in offering multi-daypart buys, multi-year deals, solo 15's.

And we are making more of an effort than we did in the past to sit down and talk with clients to find out how we can best serve each other. Flexibility is a key issue on both sides. If I was a client who wanted to be in network tv but was forced out because I couldn't afford it, and therefore had to go to barter syndication, you bet your life I'd look at 15's.

The stand-alone 15's are a way that we can attack what we consider to be our number-one source of opportunity for client money, and that's barter syndication. There's no question, as they have marketed well against us, our opportunity is now there. And we're after them, that's no surprise.

On barter's future: Eventually, advertisers will have to come back and make the smart media buy in order to justify and complete their smart marketing plans. And I have to believe that network tv is still going to be the most effective way. Most of the growth in barter is over. As an advertising vehicle, barter will now be examined with the same kind of microscope that network tv gets.

I don't think the network advertising message has had its proper airing. We have a lot more work to do in getting our message across. We are moving much more at CBS toward a marketing position.

Our readers tell us . . .

Marketing & Media Decisions *sampled some of its readers who are buyers of advertiser-supported syndication on their views on various practices in the medium. The survey, conducted by Research USA, Inc., Chicago, was completed December 5, 1985, with more than 100 replies.*

1. How do you plan to change your spending in syndication this season?

Increase spending	47.6%
Decrease spending	7.6%
No change	44.8%

Amount of increase:

Less than 5%	6.1%
5%-9%	18.2%
10%-14%	42.4%
15%-19%	12.1%
20% or more	21.2%

2. How much do you expect costs to increase for syndicated products this season?

Under 10%	64.8%
About 10%	27.6%
Over 10%	7.6%

3. From which budgets are your syndication dollars obtained?

King keeps cool

King World Productions has enjoyed unparalleled success with its *Wheel of Fortune*, the number-one show in barter syndication, and *Jeopardy*, its promising second entry in access.

And King World intends to try its hand at all dayparts, promises Roger King, King World's chairman of the board, who expects sure successes with his newest fare. *Oprah Winfrey* is a cash/barter, hour-long talk show, already cleared in 85 markets, which King likes to describe as "The *Donahue* Eater." And *Nightlife, Starring David Brenner*, for late access, is being well received early on as well.

King, in providing his outlook on barter, maintains that it's not just price that attracts national advertisers to barter, but also the audiences some barter programing delivers.

On barter's effectiveness: Advertisers buy us based on CPM because it's strictly a good buy. My pitch to advertisers is simply that I am a good buy. And I also reach a great demo.

Wheel and *Jeopardy* are so strong, they are now equal to their own network. But I do not envision the day when programs like *Wheel* will ever be comparably priced with network fare — although they are getting close. But it's fair play to the advertiser to have another place to spend his money in this free enterprise system. It's another way for the advertiser to say, "Okay, network, I'm tired of you sticking it to me every year."

As far as makegoods go, we *have* no makegoods with *Wheel*. Regarding *America* and Inday, I put those in a separate category myself, so we (and the networks) think a little similarly.

Wheel of Fortune is the most successful program in the history of television, so in that vein, it would demand the most respect in barter syndication. The rest of the shows on the air are so far behind, it's ridiculous. The rest of barter is not even a fly on a horse's ass.

Roger King

On networks fighting back: Like any business, they will find ways to combat us and we in turn will have ways to combat them back. It's called free enterprise. The networks take on everybody. They took on all the cable advertisers. The networks have been affected. They had it all to themselves at one point and now there are other avenues. They will just have to realize that the pie is getting cut up. But the majority of the money out there — 85% of the business — still goes to them.

On barter's future: Judging from the party we (Camelot Entertainment, King World's national sales arm) will be throwing at NATPE for 400 advertisers, I'd say it's good. And while we haven't even opened the national ad scene on *Oprah* yet, we have had 15 inquiries on it before NATPE from advertisers.

The reason that barter got started in the first place was that first-run programing never commanded high licensing fees from stations, so producers were forced to put a spot in. Originally, we did not even want to do barter, but we wanted to stay in syndication and it became a necessity. Our business is a young baby still evolving, and barter, a part of that evolution, is here to stay.

On the keys to King World's success: One of the reasons that King World is so successful is that none of our shows compete with each other, and that we now offer a multitude of time periods.

There's *Oprah* in the morning, *True Confessions* for early fringe, *Wheel* and *Jeopardy* for access and *Nightlife, Starring David Brenner* for late fringe. You can see, I'm staying away from myself.

Somebody will have to figure out how to beat me, and it won't be me.

Network budget	71.4%
Spot tv budget	20.0%
Separate barter syndication funds	14.3%
Other	3.8%
	109.5%*

*Over 100% because of multiple answers

4. How do you rate the performance of syndicators in supplying verification of a buy (i.e. station affidavits and station clearances)?

Excellent	7.6%
Good	49.5%
Fair	32.4%
Poor	8.6%
No answer	1.9%

5. How often do irregular station lineups (shows airing at different times in different markets) pose problems in buying specific demographics in syndication?

Frequently	10.5%
Sometimes	70.4%
Seldom	18.1%
Never	1.0%

6. In terms of production values, how do you rate the overall quality of ad-supported syndication, compared with network tv fare?

Syndication is better	2.9%
Network tv is better	45.7%
They are comparable	50.4%
No answer	1.0%

Specialty spirits toss back profits

With the rest of the liquor industry in the doldrums, spirits marketers are raising their glasses and snifters to the heady growth of the cordial and brandy category.

This is the season to pop corks on bottles of champagne, and distillers are doing just that. However, it's not the New Year they're toasting as much as the continued good health of the cordial and brandies categories.

These segments are among the very few in the liquor industry that have shown any real effervesence. The distilled spirits industry has been weaving its way through some hard times. Volume declined for the third consecutive year in 1984, and readings for 1985 indicate the same gloomy trend. A combination of a consumer preference for lighter, more healthful products and self-images have socked liquor sales, as have excise tax increases and pressure from anti-drinking groups.

Yet if sales of liquor cabinet mainstays such as scotch and gin are drooping, specialty drinks are giving many spirits companies a boost. The specialties category comprises brandies, cordials and liqueurs (the latter are imported cordials), as well as cocktails and mixed drinks sales of which continue to drop. The category as a whole, according to *Impact*, a trade publication, showed an impressive 8.5% increase in case shipments.

Sales of the orange-flavored liqueur are up: But is it the art?

It ended 1984 with a 16.6% share of the liquor business.

But the bulk of all that growth came from the cordials segment, universally regarded as the hottest category in the spirits industry. "Consumers have spoken and this is what they want," declares one cordial marketer. While brandy showed a respectable gain of 164,800 case sales in 1984 over 1983, cordials wowed the industry with the biggest gain of any product type: a 1.04 million case increase, according to *Jobson's Liquor Handbook*. Cordials are now the third biggest money-earners, falling in line behind vodkas and Canadian whiskey. The category rang up $2 billion in 1984, according to *Impact*. It grew from a 7% share of the market in 1975 to a 9.9% one in 1984.

While it would be hard for anything to match the sales pace of cordials, brandies — including cognacs, which are made from brandy — held steady in a marketplace filled with declines. In 1984 the category grew 0.8% and sales totaled $1.03 billion, according to *Impact*. Brandies represented 4.3% of total industry sales, up from 3.8% in 1983. While cognac's growth has slowed somewhat, it continues to attract new customers, especially blacks and Hispanics, who industry experts say account for about 40%-50% of all cognac drinkers.

Some of the same trends are having a positive effect on both of these specialty groups.

"Flavor" is the first word of explanation out of every marketer's mouth when asked about these specialties.

"The sales of many spirits brands are based on image — blindfolded people couldn't tell the difference in brand," claims Patricia M. Wiley, director of new product development for DeKuyper cordials. "In this category, taste is *everything*."

"It's part of a macro-trend among the U.S. population to experiment with new and different tastes," comments Victor Bevilaqua, marketing director for Arrow cordials. Brandies and cognacs offer a range of tastes just within their category. But cordials run the gamut, catering to every possible taste with flavor ranges wide enough that palates craving chocolate, blackberry or even root beer are covered.

Flavor also dictates the way marketers are pitching their brands. In an attempt to convey some sense of the way a product tastes, many marketers, especially those of cordials, tend to favor sensory-raising four-color ads. Therefore, magazine usage is given the nod over newspapers. In certain cities where they may want added exposure, outdoor is used.

It is the word "moderation," however, that looms over the industry like a black cloud. The public's interest in diet and exercise, as well as growing concern over the drunk-driving problem, translates into reduced consumption. But that move towards moderation has boosted consumption of the two specialties categories.

Though brandies and cognacs are in the 80-proof range, they enjoy a different image from the rest of the spirit world. "Cognac by its very nature is perceived as a drink of moderation," says Clint Rodenberg, vice president-group product director for Hennessy cognac. "It is to be savored, not gulped."

Cordials, on the other hand, may enjoy a greater rate of per-occasion consumption, but they average about 45-proof and are usually served over ice or as part of a mixed drink.

Cordials and liqueurs

"The salvation of the [spirits] industry will be the development of more and more and more flavor products," preaches Perry Luntz, editor and publisher of the *Beverage Alcohol Market Report*.

It is a sermon liquor marketers have taken to heart where cordials are concerned. Category growth is happening so fast that no one — not marketers, trade groups, or industry observers — has a count of just how many branded flavors are on the market. All concur that it is well over 100. In 1984 alone, according to the *Liquor Handbook*, 26 new flavors came to market, representing 52% of all the new spirits products introduced that year. One marketer estimates that 1985 will show a total of more than 30 new schnapps introductions.

Schnapps is a category that until its surprising takeoff a couple of years ago was seen as the obscure drink of a tradition-bound few. While market norm dictates that a new-drink craze take off from either the West or East coast, this shooting star was launched in the North Central states like Minnesota and Wisconsin, where peppermint schnapps — still the biggest seller nationwide — has long had a stronghold.

Flavored schnapps is descended from the higher-proof, more rough-hewn European drink often referred to as "the poor-man's vodka." This new wave of flavors began appearing in 1982. The category sold about two million cases in 1983 and is expected to top five million when 1985 totals are in. Now, according to *Impact*, schnapps accounts for 26% of the cordial market.

Leading the way in sales for domestically produced cordials is the National Distiller and Chemical Corp.'s **DeKuyper** line with a 14.1% share of

Media Expenditures 1984 (000)
Top Selling Brandies and Cordials

Company	Total	Mags	Outdoor	Newspaper
DeKuyper (Nat. Dist. and Chemical)	$1,453.4	$1,243.7	–	$209.7
Hiram Walker	2,605.5	2,512.3	0.2	93.0
Arrow (Heublein)	1,107.4	416.1	185.5	505.8
Southern Comfort (Brown-Forman)	3,238.7	3,173.0	42.6	23.1
Leroux (Seagram)	125.3	68.2	–	57.1
Kahlua (Maidstone)	6,034.1	4,430.3	1,433.5	170.3
Baileys Original Irish Cream (Paddington)	5,807.5	4,734.2	200.4	872.9
Amaretto di Saronno (Glenmore)	3,750.9	2,490.4	598.7	661.8
Grand Marnier (Carillon)	4,155.2	3,219.1	10.0	926.1
Drambuie (W.A. Taylor)	1,983.8	1,769.7	–	214.1
E. & J. Brandy (E. & J. Gallo)	960.6	746.6	214.0	–
Christian Brothers (Fromm & Sichel)	344.8	–	118.8	226.0
Hennessey (Scheiffelin)	5,754.3	3,484.9	2,254.0	15.4
Courvoisier (W. A. Taylor)	3,733.0	2,540.1	1,099.8	93.1
Martell (Brown-Forman)	2,530.7	1,605.5	762.1	163.1
Remy Martin (Premiere Wine Merchants)	3,044.7	2,264.8	246.7	533.2

Sources: Leading National Advertisers; newspaper figures compiled by Media Records; no broadcast expenditures.

the market, according to *Impact*. DeKuyper's incredibly successful Peachtree flavor is often credited with having touched off schnapps fever amongst spirits marketers hungry for such a success of their own.

The brand went into distribution in October of 1984 and by the end of its first year had hit the one million case mark. "This brand is making a fortune for this company," gushes Patricia Wiley. That sort of growth makes the much-raved over sales of Baileys Original Irish Cream — introduced in 1980 and reaching one million cases by 1984 — seem like a snail's pace. It's a sales record some industry observers are saying is without precedent in the liquor business.

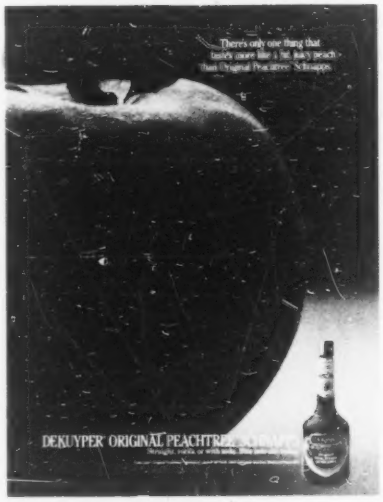
Schnapps is a bit lighter and less sweet than the traditional cordials, like the declining fruit-flavored brandy category, making it suitable for a cocktail. That, coupled with its 45-proof average alcohol content, means "we now have a product that is between a whiskey and a wine cooler." Though DeKuyper's line is made up of 39 products, its top three sellers are peach, peppermint and apple-flavored schnapps.

Peachtree's growth is awe-inspiring for another reason. It grew with next to no advertising support. "This brand was built by word-of-mouth," says Wiley. Its strongest sales region is in the Midwest where, according to Wiley, it reminds people of their European roots. The fruit taste appeals to that market, too, as does its $5-$6 a bottle average price tag.

The brand is not doing well in major metropolitan areas, she says, theorizing that its low cost is actually a drawback. "I think if I raised the price to $15 I'd get more sales," she chuckles. "But it's obvious we're not doing the right thing to attract the city consumer."

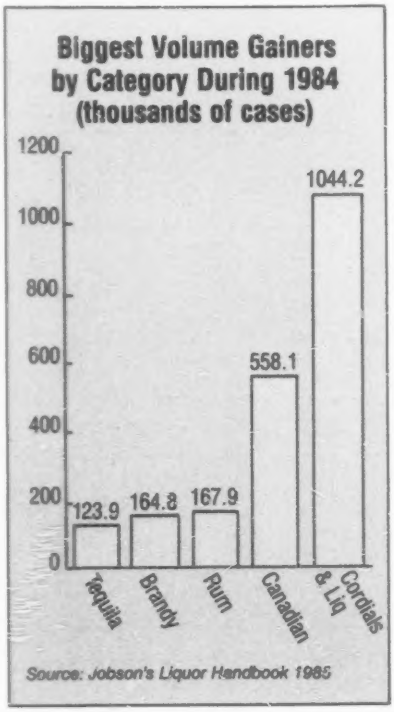
Advertising may not have been needed to sell the first million cases but, says Wiley, DeKuyper will need it to move the second. Leading National Advertisers reports a 1984 budget of $1.2 million for the company's cordials. Wiley says that figure was between $1 million and $5 million in 1985 and will swell about 50% for 1986.

DeKuyper brands are targeted heavily to men, 25- to 45-years-old, blue-collar and college-educated alike. The company did, however, just launch a root beer schnapps that it expects to find a niche in the college market. Magazine buys for the brands include *Field & Stream, Inside Sports, Rolling Stone, People, Playboy, Omni* and *Army Times* (Wiley says schnapps is popular with army personnel who have served in Germany). Books targeted to women, a group that research shows are increasingly interested in flavored schnapps, include *Mademoiselle, Ms.* and *Cosmopolitan*.


There's only one thing that tastes more like a hot, juicy peach than Original Peachtree Schnapps.
DEKUYPER ORIGINAL PEACHTREE

DeKuyper is starting to expand schnapps awareness.

Hiram Walker cordials claim a 13.5% share of the cordials market, *Impact* reports. The 40-product line is slated to grow by six new schnapps flavors in 1986. Walker's cordial sales grew 2.1% between 1983 and 1984, small compared to DeKuyper's 37.8% growth.



Like many schnapps marketers, Hiram Walker advertises its brand year round, giving it the most support around Christmas. Its 1985 budget will total just over $3 million, according to William Bueschling, group vice president of the cordial division. Featuring the "Taste the difference" slogan, its ads feature a bottle shot and a recipe to promote the mixability idea. The company largely avoids newspaper advertising, says Bueschling, because "how can you expect somebody [to see an ad] and say 'How delicious looking' in black-and-white?"

Walker's print buys include food books like *Gourmet* and *Food & Wine*, women's books like *Cosmopolitan* and *Ladies' Home Journal*, as well as *Playboy* and news magazines. The company also has a promotional program backed, Buesching says, with a budget that exceeds that of advertising's.

Arrow, Heublein's line of cordials, registered a 12% market share in 1984, according to *Impact*. The line, which includes the Harvey's Bristol Cream sherry brand, grew to case depletions of 1.3 million in 1984, up 4.3% from the previous year. "Growth has not peaked at all," exclaims Victor Bevilaqua, Arrow's marketing director. "Things are almost too good."

According to Bevilaqua, 98% of Arrow's advertising is against its new product introductions. Last year it came out with 12 new schnapps flavors, including the tastes of black raspberry and butterscotch. About 65% of its schnapps drinkers are blue-collar men living in the Midwest, from legal drinking age to 30 years old.

Up until about three years ago, peppermint was the only flavor that sold much. "The traditional use was peppermint schnapps and a beer," he says. "Now men have discovered the sweet tastes and they're dropping the beer." In addition, there are even nibbles from the young professional set. More and more, he says, "it's moving away from blue collars to new collars."

While LNA shows a total of only

People may not know what it is, but they keep buying it.

$601,600 in ad expenditures for 1984, Bevilaqua says that total will show a substantial increase for 1985 with all the new product introductions. He says Arrow will advertise heavily in the future. It already puts a lot of emphasis on promotions, as do many cordial marketers. The whole flavor-driven cordial category relies heavily on point-of-sale pitches to promote trial and especially important, where legal, are on-premise tastings.

Arrow maintains a base level of national print support, but targets best-selling regions for extra advertising. It appears in regional editions of *Sports Illustrated*, *Time* and *People*, for instance. It is also a strong presence on the sports pages of regional newspapers.

You may wonder what **Southern Comfort** is doing among industry leaders whose sales are largely tied to the schnapps boom. But Southern Comfort, a chameleon of a brand, is by law indeed a cordial due to its sugar content. "We don't categorize Southern Comfort," explains David Higgins, vice-president/senior brand manager. "Some think it's a whiskey, some think it's a liqueur, some don't know. But," he continues, "those are the people who drink it and they don't care."

The company, which *Impact* reports had a 7% market share in 1984, says it will show a gain of about 3% in sales between 1984-85. The brand does 30% of its annual sales in November and December. In addition to promotional programs such as rebates, 1985 saw the Brown-Forman brand buy four-page gatefolds in *People*, *Reader's Digest*, *TV Guide* and *Good Housekeeping* during that period.

Over the rest of the year, Comfort ads appeared in books such as *Newsweek*, *Penthouse* and *Sports Afield*. Higgins says 90% of the brand's 1985 ad budget of under $3 million went to magazines. The rest was spread between newspapers and outdoor. The company puts as much money into promotions, sponsoring things like a dixieland jazz band competition.

Southern Comfort's market skews 60%-40% male-female, with a 10% black and 6% Hispanic customer base. All age ranges toss back the brand: A third are legal age to 25, a third are 25-39 years, and the rest are 40 on up.

Leroux, the line of cordials from Seagram Distillers, has been accused of being a little slow off the schnapps mark with new flavor introductions. But in 1985 the line grew by three new tastes — root beer, peach and strawberry. The line now totals 52 products, 11 of which are flavored schnapps. LNA reports that less than $1 million went to advertising the line in 1984 and, according to Tony Bongiovanni, senior product manager for Leroux, no dollars went to consumer advertising in 1985. The year was marked by a major corporate reshuffling at Seagrams resulting, in part, in a top-to-bottom review of advertising for many brands, the cordial line included. The company did do a small amount of advertising for its three new products to the trade in 1985. Bongiovanni says that the company does plan consumer advertising in 1986.

The leaders in the imported cordial, or liqueur, category are a far more diverse lot. **Kahlua**, marketed by the Maidstone Wine & Spirits division of Hiram Walker, is the category's far-and-away leader. It holds a 9% share of its market, according to *Impact*, and registered nearly 1.7 million case depletions in 1984.

"We view Kahlua as a category in itself because of its sales [figures] and its wide-ranging acceptance," crows Dean Laws, president of the Eisaman, Johns & Laws agency, handlers of the Kahlua account. He attributes the brand's continued success to its ver-

Though sales have revived, Baileys revamped its creative.

satility ("Research shows it's almost like vodka in terms of mixability") and its coffee flavor, a taste, he says, "we're virtually weaned on."

The agency, which has had the account since 1971, has always pitched Kahlua in terms of mixability. The drink is now not only benefiting from America's flavor craze, he says, but also from the moderation trend because it is always part of a mixed drink. "Many, many people don't even perceive Kahlua to be a distilled spirit," he explains. "We get letters saying 'I don't drink. I love Kahlua.' "

LNA shows a 1984 expenditure level of nearly $6 million for the brand. Media Records reports newspaper ad spending of $85,787 that year. Laws says the brand keeps newspaper dollars low because "they are a little too broad in terms of demographics."

Baileys Original Irish Cream, imported by Paddington, holds the No. 2 spot among imported cordials, boasting a 6% share of the overall cordial category, according to *Impact*. The brand was something of an overnight sensation when it made its American debut in the fall of 1979. As with other fast-rising stars, it experienced a period of disappointing sales as a wave of me-too creams rushed onto the market. But Baileys is more than holding its own, the 1983-84 period showing case depletions up by 7%, according to *Impact*.

According to Paul Tynan, brand manager for Baileys, the size of the cream liqueur market at retail is ap-

proximately $272 million. Baileys, with an average retail price of $16, claims a nearly $192 million swig from that bottle.

Baileys marketers, deciding to concentrate advertising attention on the franchise they have, have dropped the Backer & Spielvogel holiday-related campaign that ran last year. The previous campaign — featuring clever copy, a tiny bottle-and-glass shot and scads of white space — was an eye catcher but didn't do much to make Baileys look appetizing. The agency has since come up with another campaign that was launched in the fall and will run all year. It features ultra-close-ups of a stream of Baileys pouring into a glass, "emphasizing the warm-and-sharing properties of the brand," Tynan explains.

He reports that 90% of Baileys $5 million-$10 million 1985 budget was slated for magazines, 10% for outdoor (the brand is very popular in metropolitan areas). It is found in a wide array of books: *Newsweek, Gourmet, Army Times, Inc., Psychology Today* and the *New Yorker* are a few. Still trying to enlarge its market, it relies heavily on tastings — which is does extensively on airlines and cruise liners.

In addition, it also concentrates on point-of-sale promotions. Tynan says they avoid rebates "because they erode image," and instead distribute catalogues that offer discount consumer goods and services. Its customer base skews 55% female-45% male, falls in the 25- to 55-year-old range, is predominantly white and earns at least $35,000.

Amaretto hopes the mixability theme will make it more than a gift.

Glenmore Distillers, the importer of **Amaretto di Saronno**, is hoping that its duo-campaign approach can boost the brand out of a slight sales depression. Down less than 1% in case depletions by the end of 1984, di Saronno is given a 4% market share of the imported cordial category by *Impact*. Its 1984 case depletions totaled 680,000, according to *Impact*, in comparison to Baileys' one million.

According to senior brand manager Chase Donaldson — who sees some of di Saronno's business going to the schnapps boom — two strategies are behind its current advertising. One, a new campaign launched last year, promotes mixability and is scheduled to run January through October. It is expected to appeal more to women.

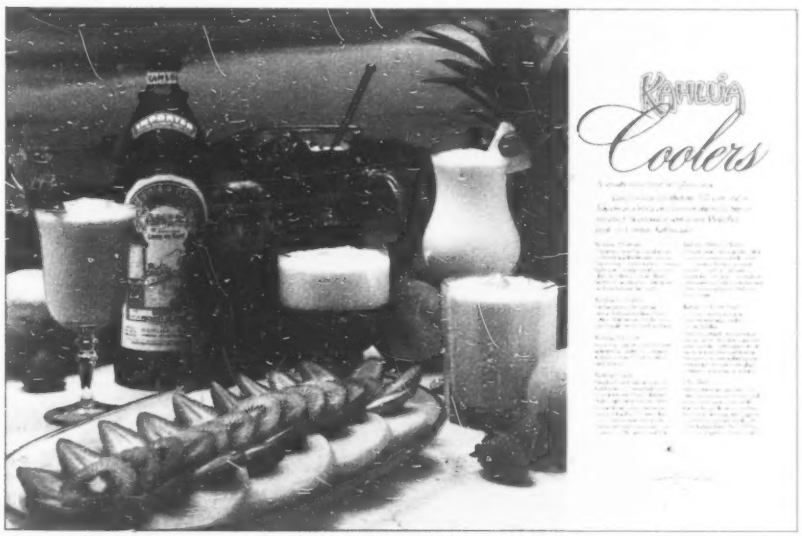
Gift-giving is the impetus behind the second phase of its yearly plan and features a campaign that skews to men. Company research conducted last holiday season showed that men were tipping the scales by about 65%, buying Amaretto for women as a gift. This campaign runs from late fall through the holidays when, according to Donaldson, the brand rings up 25% of its annual sales. The creative features Amaretto's rose-covered gift box which, along with Baileys' gift box, is a display favorite with retailers. The mixability campaign, which will soon start suggesting Amaretto and cream, is seen as a way to get the brand out of the gift-giving rut.

Advertising expenditures increased in 1985 over the 1984 level LNA reports as $3.2 million. The brand's media buys vary according to which campaign cycle it's on. The mixability ads run in books that include the *New Yorker, People, Travel & Leisure, Vogue* and *Glamour*. Around the holidays, the skew shifts male-ward and buys like *Esquire, Gentlemen's Quarterly* and *USA Today* are picked up. Overall, most of the advertising emphasis is concentrated on 10 large local markets that account for about 65% of sales. The brand also buys outdoor space in those regions.

No. 4 ranked **Grand Marnier**, distributed by Carillon Importers, moved 370,000 cases in 1984, an increase of 2.8% over 1983's depletions, *Impact* reports. Its 1985 ad budget held steady with its 1984 level of $3.5 million, according to Ernie Capria, market services manager. That level will go up to about $4 million for 1986.

The orange-flavored brand will remain with its four-year-old campaign featuring a series of surrealistic paintings. Done in a style à la Rene Magritte, the ads carry slogans like "Paradise Found" and "Moment of Grandeur" and communicate, says Capria, "that you are one of the people who knows quality."

The ads run for most of the year, tapering off in summer, in books such as *Fortune, Scientific American, Architectural Digest, Ms.* and *Esquire*. The brand reports its heaviest selling



Mixability: The formula for success for Maidstone's Kahlua.

on the coasts, so some regional books and Sunday magazines receive ad dollars; Media Records shows $696,335 spent on newspapers in 1984. The general split of media monies, however, is 75% national, 25% local.

The target audience, Capria says, is generally the 25- to 54-year-old range, with 35- to 44-year-olds consuming the most. Income levels aimed for are $40,000-$50,000 annually and the overall split is 55% female and 45% male.

"A lot of men cook and buy it for gifts," he explains. Grand Marnier is often used as a cooking ingredient.

W.A. Taylor's **Drambuie** ranks fifth, showing a 1.7% increase on case sales of 305,000 in 1984. Leading National Advertisers shows 1984 ad support in measured media totaling $1.8 million, while Media Records reports $129,512 went towards newspaper advertising.

Brandies

Sales of the domestic brandy category are carried on the shoulders of two California vintages. This is true for advertising expenditures as well. Beyond the two leaders, domestic brandy marketers spend little or nothing on ads to support their brands.

E.& J. Gallo Winery's **E.& J. Brandy** maintains its hold on the No. 1 slot in the market, giving it a 17% market share, according to *Impact*. Its target audience, along with most domestic vintages, has a blue-collar profile and is centered in the cold-climate North Central states. While the brand did little advertising in 1984 — LNA reports its ad dollars totaled just under $1 million — its case depletions rose that year 12.7% to 1.5 million. Its 1984 ad budget was dropped from a 1983 level of slightly over $3 million.

A company spokesman attributed its strength to a lighter taste as well as a lower average cost (less than $10) per bottle than its imported cousins. In addition, Gallo may be benefiting from American's on-and-off tendency to use brandy as a mixer.

"Christian Brothers is a rather laidback outfit," says one observer.

Perry Luntz, however, has another assessment: "The Gallos are very tough street people. You can't sit back on your marketing plans in this business — you have to get out and mix with people and implement them. Gallo has always put a premium on things like store contacts, display planning and chain buying, and they've innovated a lot of the current merchandising programs that others are just talking about."

No. 2-ranked **Christian Brothers** from Fromm & Sichel holds just under a 17% share. Its 1984 case depletions weighed in at 1.5 million, a healthy increase of 9.5% over its 1983 sales. Signs are that the once-dominant brand may still be a contender for that slot.

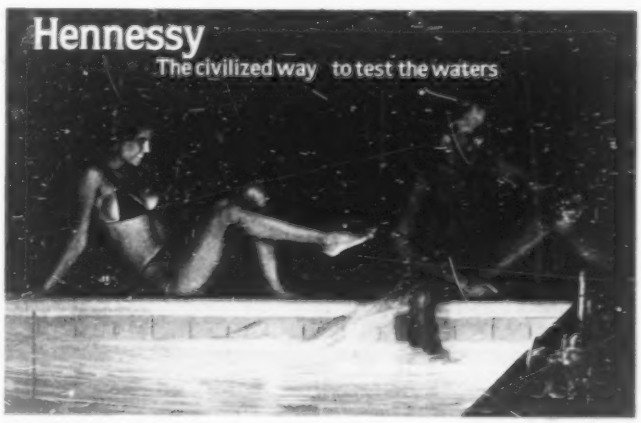
"Christian Brothers is a rather laidback outfit," comments one industry observer. "The market was there and they never did anything with it. They've had a lot of management problems but now they have new management. Apparently they are getting more aggressive with the brand."

Christian Brothers 1983 advertising total was $2.8 million as reported by LNA. The 1984 level plunged to $118,800, says LNA, all going to outdoor ads. Media Records shows newspaper dollars totaling $226,074 for the year. A change may indeed be in the wind, however, as Christian Brothers recently ran a four-color brandy ad in *Esquire*.

The leaders in the imported brandy category, according to *Impact*, are all cognacs.

More than one out of every four bottles of cognac sold in the world are bought in the U.S. America became France's biggest export market for cognac in 1981, when it took the title from Britain. In 1984, a record 29.5 million bottles landed on U.S. shores, boosting sales in this country by 28% to about $130 million retail, according to the Cognac Producers' Federation.

Most agree that the influx of black and Hispanic consumers into the cognac market has injected new life into its sales. Most industry observers say that blacks and Hispanics comprise about 40%-50% of cognac drinkers.



Schieffelin promotes attainable fantasy.

Hennessy cognac, imported by Schieffelin & Co., is holding onto the top spot, a position it's held since 1980. *Impact* reports the brand's 1984 market share at 7%. The company says its depletions for 1985 will show an 8% increase and come in at about 780,000 cases.

Hennessy's spicy ad campaign, featuring couples in romantically suggestive situations, is the extreme example of the willingness of some cognac marketers to pitch the drink to a more mainstream audience. "We've tried to take some of the stuffiness out of drinking cognac, move it out of the drawing room," explains Clint Rodenberg, vice president-group director. "We have people that represent attainable fantasy." The ads have attracted a lot of attention as most agree they set new steam standards even for the spirits industry. "We hope

EXPLORE THE SENSE OF Rémy
Release its rich bouquet with a gentle swirl.
Observe Rémy's unique amber glow, and taste.
REMY MARTIN
to fully enjoy Rémy Martin V.S.O.P. Cognac

Remy Martin's new campaign, short on words and . . . long on mystique.

everybody feels they're done in good taste," Rodenberg comments. "We're not trying to turn people off, we're trying to break through liquor advertising clutter."

The campaign, which receives five new creative executions per year, will be supported in 1986 with about $13 million, including promotions and merchandising campaigns. This, says Rodenberg, is with the goal of reaching one million cases by 1989.

The brand sees its target audience as 55%-45% male-female, 25- to 34-years-old with an income of $25,000 plus. The campaign runs nationally in books like *Time, Sports Illustrated, People, Cosmopolitan*. In the holiday season, advertising is expanded to include *Rolling Stone, New Woman, Texas Monthly, The New York Times Magazine* and *Vanity Fair*, among other books. Outdoor ads are placed in New York and Los Angeles during that period as well.

The other side of the imagery coin is represented by No.2-ranked **Courvoisier.** Its traditional bottle-and-snifter ads, complete with a portrait of Napoleon in every shot, have changed little over the years. The company recently modernized the campaign, changing the background from a drawing room to a modern city-dweller's apartment.

In 1984, the brand captured nearly 30% share of the U.S. cognac market and saw depletions rise 3.5% to 595,000 cases, according to *Impact*. Ad expenditures for 1985 were in the $6 million range, with about 20% of that spent on outdoor.

"I assume you drink **Martell**" is the tagline bought by about 13% of the cognac market. A Brown-Forman brand, Martell's case depletions totaled 290,000 in 1984, a 16% increase over 1983.

Martell has used the "I assume" campaign, from Burrell Advertising, to pitch to the black market since the early 1980's. In September of 1984, it gave Burrell, known for its work in the ethnic marketplace, all of its business. The company, looking to change its campaign directed at whites, tested a number of approaches and found "I assume" scored highest. The campaign is now directed, with different creatives for each segment, to both markets.

Martell mainly uses outdoor in major metropolitan areas to advertise to blacks and Hispanics. While it goes into a few [illegible]es for those markets, it espe[illegible] emphasizes black papers like the *Amsterdam News* and *Big Red*, New York publications. Most

Now Burrell does all the pitching for Martell.

of its pitches to Hispanics are still limited to areas like Miami and Los Angeles. And while the target age range for both ethnics and whites is the same — 25- to 50-years-old — the income level of ethnic customers skews lower.

Martell mostly uses magazines to advertise to the white market. It is found in books that include *New Yorker, Gourmet, Time* and *Playboy*. Martell spent about $5 million on advertising in 1985, a figure the company says will increase somewhat for 1986.

Remy Martin claims a 12% share of the cognac market, according to *Impact*. The brand, imported by Premiere Wine Merchants, saw depletions rise 11.4% in 1984.

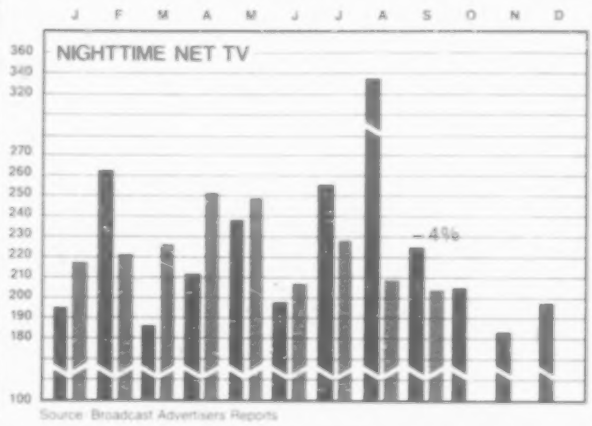
In 1985 the brand launched a new campaign that's light on copy, heavy on image. The creative often features a pair of hands, a Remy-filled snifter and the tagline: "Explore the sense of Remy." The campaign targets men and women equally, 25- to 45-years-old with incomes starting at $35,000. The campaign often runs as a three-page spread and gets heaviest play from November through March, and again around Father's Day.

The campaign appears in books that range from *Bon Appetit, Esquire, Architectural Digest*, and *Forbes*, to *European Travel & Life, New Woman* and *The Los Angeles Times Magazine*. The campaign's budget, put at $6 million for 1985, tilts 85% towards print, 15% towards outdoor — mostly aimed at the ethnic market. Remy also takes the unusual step of advertising on Spanish cable tv. The company says its 1986 budget will increase slightly above print rate-base increases.

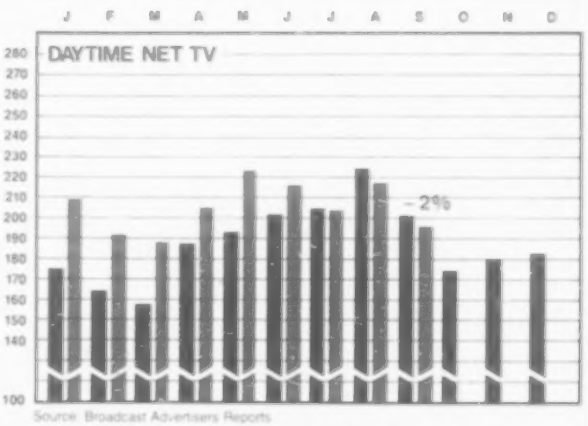
Carol Hall

MEDIA COST INDEX

Black bars index for 1984; color bars 1985; base year 1977



Source: Broadcast Advertisers Reports



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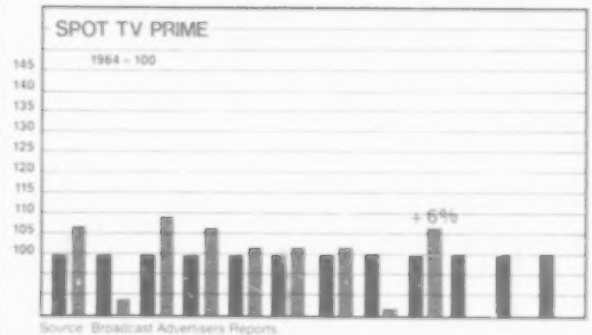
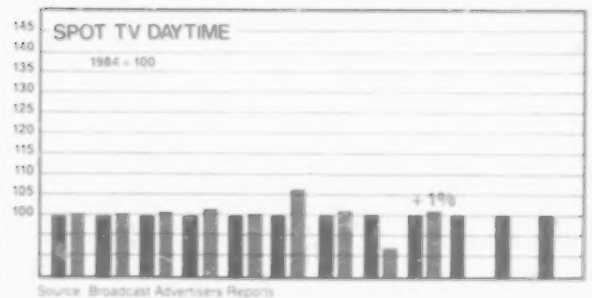
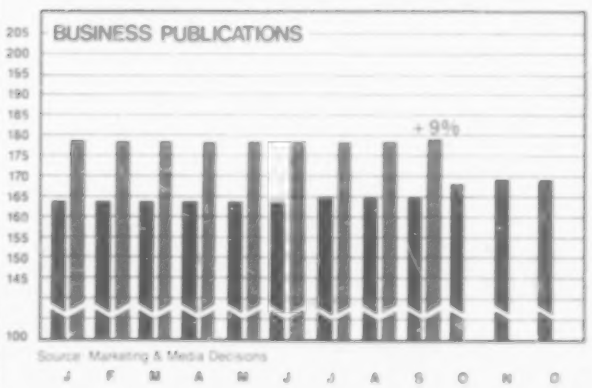


Source: Broadcast Advertisers Reports



Source: Broadcast Advertisers Reports



Source: Marketing & Media Decisions

Television rates for September 1985 were once again fairly comparable with the year before, after a month of distortion caused by 1984's Olympics, et al.

Prime time network tv rates were down 4% from September of 1984 — after the August rates had dipped some 38% from the previous year, according to Broadcast Advertisers Reports. The **daytime network** rates were only down by 2%, although they had only dropped by 7% in August from 1984.

Prime time spot tv, meanwhile, saw a rate increase of 6% over September 1984 after dipping some 14% in August. **Daytime spot tv** was up by 1% after it had trailed 1984's rates by 8% in August.

There were few such turnarounds in other media. National **Sunday magazines** showed no real increase over 1984 at all for September, after registering 10%-11% increases for most of 1985. This change, which started with an increase of only 1% in August, is due to the reorganization of *Family Weekly* into *USA Weekend* and the subsequent dropping of its rates. Overall rates should go back up in October as *Parade* adjusts its costs to match its expanded markets.

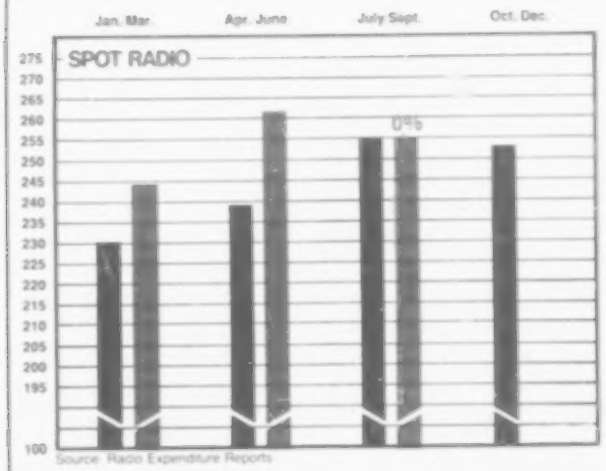
Consumer magazines, meanwhile, showed an 8% rise over 1984, as they have every month since February. **Business publications** were up by 9% — the same percent rise over comparable 1984 months that has been true since April. Rounding out the print media, **daily newspapers** were up by 9%.

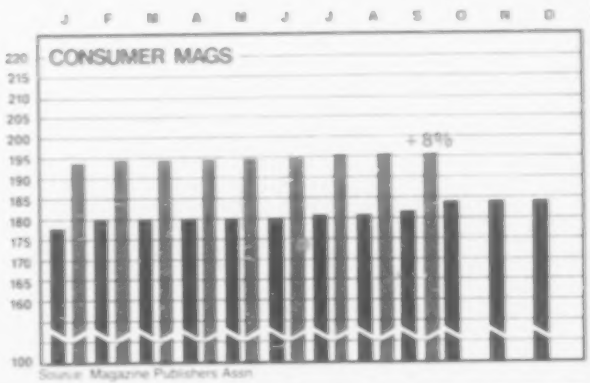
Outdoor ad rates were up by 7% over 1984, according to the Institute of Outdoor Advertising.

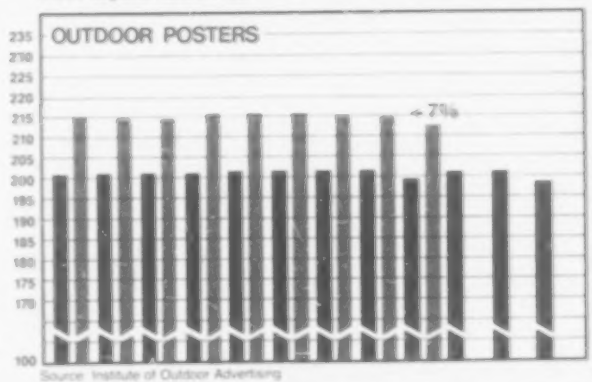
Spot radio rates are compiled on a quarterly basis by Radio Expenditure Reports, and will not be available again until the March issue. **Network radio** is being compiled this year on a new basis, measuring 15 networks as opposed to last year's seven. With January representing 100, the index for October is 147.

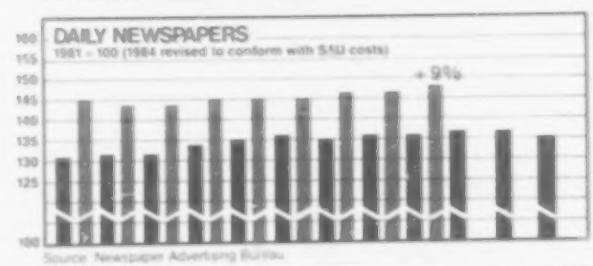
MEDIA COST INDEX (continued)

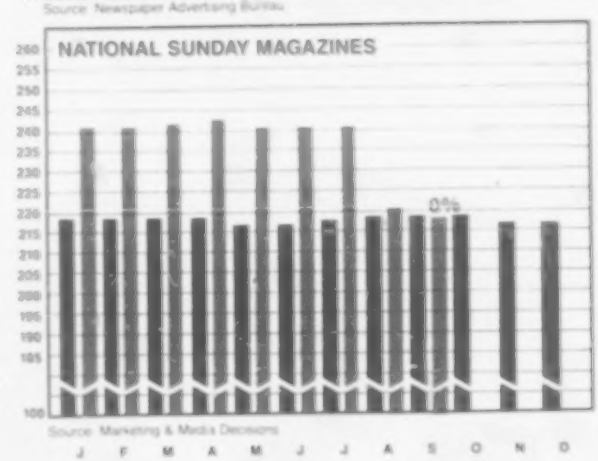
Black bars index for 1984; color bars 1985; base year 1977











The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio — Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

LIONEL KAUFMAN: *Continued from page 54.*

contracts. We use newspapers as we need them."

Actually, newspapers are thinking of starting off both retailers and nationals at the same level. As each one reaches a certain volume, he gets an equal discount. If a national advertiser uses just an occasional opportunistic buy, while the retailer comes in every day, the former will pay the "one-way fare" while the latter gets a "daily commutation ticket."

The kiss and curse of coupons

On the creative side, coupons are all many agencies can think of to fill newspaper ads for packaged goods.

Agencies first tried direct mail, such as Donnelley's co-op mailings, to distribute coupons. When postal rates skyrocketed, mail users had to seek alternatives.

This was a mixed blessing for newspapers. Direct mailers went for newspaper inserts, but so, too, did some of the newspapers' biggest rop advertisers because of quality and color advantages. Newspapers were being changed from an advertising medium to an advertising carrier. Entrepreneurs like Velassis were buying inserts and "brokering" space to advertisers.

After suffering declining third-class business, the Postal Service struck back last year. They offered to let three advertisers cohabit one mailing at a rate that newspapers couldn't match. Hartford-based Advo, America's largest mailing house, jumped in and copyrighted the term MARRIAGE MAIL™. John Blair Company later bought Advo, and together they covered the map with branch offices to bring inserts back to the mailbox.

They don't seem to be succeeding. Many of the new branches have closed or consolidated, and Blair's bottom line has moved from black to deep red.

As I exit from this business, the formerly local newspaper medium seems to be spreading its wings nationally. New four-color capabilities and satellite transmission are making it possible. The *Wall Street Journal* now spreads financial information from a network of plants. The *New York Times* now offers its "newspaper of record"

Tobacco could eventually disappear from print, and a search for a successor income producer is in order.

nationwide, home delivered in many cities. Grabbing most of today's publicity is Gannett's *USA Today*, serving up the short, sweet, colorful news America is used to getting on tv. *USA Today*'s vending machines are even *shaped* like a television screen.

And while newspapers are trending nationally, magazines are rounding out their medium with local titles — city magazines, city business magazines.

And now the business press

I can't forget the business press because that was my very first assignment in this field. Gardner Advertising's New York office asked its new trainee to write McGraw-Hill's corporate campaign before he was old enough to vote. Weren't trade ads where you let a newcomer get his feet wet?

In my 55 years I've seen two important changes in this medium. When McGraw-Hill stopped calling "unpaid" a dirty word, controlled circulation — truly controlled — won advertiser approval. Yet for years the Audit Bureau of Circulations newspaper members, to whom unpaid is anathema, kept voting it down. Finally ABC gave the trade press a special dispensation, provided that 70% of their circulation was either paid or controlled by personal written request.

ABC's 291 members are a minority compared with the 1,164 of Business Publications Audit, which specializes in auditing business papers. BPA produced the second important development in this field: comparability.

For years it was impossible to compare one book's breakdown of its circulation by business and job function with another's. BPA set up a comparability program where each classification of books sits down in committee and agrees on a common format that all must use. To date 180 of BPA's 240 markets have functioning comparability programs.

Lionel Kaufman

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